



LAND PROPERTY SUMMARY

Corporation: CYPURUS CHRISTMAS MINE CORPORATION

Report Date: 02/05/2001

Division:

Land Administrator: JAN LEAVELL

Region NONE

System ID#: 4347

District: NONE

Legacy ID#: 102004

Project: CHRISTMAS

CC-03

Physical ID#: CHR-001-0053-0000

| | | |
|--|-------------------------------|----------------------------|
| PROPERTY NAME AZ. C.L. 03-30007 | AGREEMENT DATE 04/01/1986 | # TRACTS 1 |
| TRANSACTION TYPE LEASED | EFFECTIVE DATE 04/01/1996 | # PAYMENT OBLIGATIONS 2 |
| DOCUMENT TYPE COMMERCIAL LSE | EXPIRATION DATE 03/31/2006 | # SPECIAL OBLIGATIONS 5 |
| PURCHASE CONSIDERATIONS | CANCEL/TERM DATE | # US CLAIMS 0 |
| OPERATOR CYPURUS MIAMI MINING CORP. | PERM STORAGE | # FOREIGN CLAIMS 0 |

INTEREST HOLDERS

| PARTY TYPE | PARTY NAME |
|---------------|---|
| ACQUIRED FROM | STATE OF ARIZONA |
| LESSEE | CYPURUS MIAMI MINING CORPORATION |
| LESSEE | INSPIRATION CONSOLIDATED COPPER COMPANY |
| LESSOR | STATE OF ARIZONA |
| LESSOR | STATE OF ARIZONA |

CROSS REFERENCES

RELATED CONTRACT/AGREEMENT NUMBERS

4451 MIA-017-0003-CO00 C-10084 INSPIRATION CONSOL.

TRACT LOCATION AND LEGAL DESCRIPTION

LOCATION INFORMATION

| TRACT# | COUNTRY | STATE/PROVINCE | COUNTY/PARISH | TOWNSHIP/DISTRICT |
|--------|---------|----------------|---------------|-------------------|
| 1 | USA | ARIZONA | GILA | NONE |

LEGAL DESCRIPTION-TRACT NUMBER: 1

TRACT ACRES AND TITLE SUMMARY

| | GROSS ACRES | %INTEREST | NET ACRES | TITLE | CODE | SEAM NAME |
|----------|-------------|-----------|-----------|---------|-----------|-----------|
| <u>S</u> | 70.0000 | 100.0000 | 70.0000 | LEASED | UNDEFINED | |
| <u>M</u> | 0.0000 | 0.0000 | 0.0000 | SURFACE | | |

FUL: THAT CERTAIN PARCEL OR TRACT OF LAND IN GILA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

TOWNSHIP 4 SOUTH, RANGE 16 EAST

SECTION 16: W/2 NE/4 NE/4, NW/4 NE/4, N/2 N/2 SW/4 NE/4

CONTAINING 70 ACRES.



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MAP REFERENCE

| <u>SECTION</u> | <u>TOWNSHIP</u> | <u>RANGE</u> | <u>MERIDIAN</u> |
|----------------|-----------------|--------------|-----------------|
| 16 | T4 S | R16 E | |

SUMMARY OF PAYMENT OBLIGATIONS

| # | FREQ | BEG DATE | END DATE | OBLIGATION TYPE | AMOUNT \$ |
|---|------|------------|------------|-----------------|------------|
| 1 | 012 | 04/01/1986 | 04/01/1995 | RENTAL PAYMENT | \$3,927.00 |

RENTAL DUE PURSUANT TO STATE OF ARIZONA COMMERCIAL LEASE NO. 03-30007.
RENTAL FOR THE FIRST LEASE YEAR SHALL BE \$3,850. BASE RENT FOR THE SECOND
THROUGH FIFTH LEASE YEARS SHALL BE AS FOLLOWS:

| | |
|----------------------------------|---------------------------------------|
| SECOND LEASE YEAR | 10% OF THE APPRAISED LAND VALUE (ALV) |
| THIRD LEASE YEAR | 10% OF THE ALV |
| FOURTH LEASE YEAR | 10% OF THE ALV |
| FIFTH LEASE YEAR | 10% OF THE ALV |
| SIXTH AND SUBSEQUENT LEASE YEARS | 10% OF THE ALV + CPI |

THE RENT FOR THE SIXTH THROUGH TENTH LEASE YEARS SHALL EQUAL THE RENT OF THE
FIFTH YEAR AS ADJUSTED EACH LEASE YEAR BY THE CONSUMER PRICE INDEX, BUT SHALL
NEVER BE LESS THAN THE AMOUNT DUE FOR THE PREVIOUS LEASE YEAR'S RENT.

| | | | | | |
|---|-----|------------|--|----------------|------------|
| 2 | 012 | 04/01/2000 | | RENTAL PAYMENT | \$3,927.00 |
|---|-----|------------|--|----------------|------------|

RENTAL DUE PURSUANT TO STATE OF ARIZONA COMMERCIAL LEASE NO. 03-30007.
RENTAL FOR THE FIRST LEASE YEAR SHALL BE \$3,850. BASE RENT FOR THE SECOND
THROUGH FIFTH LEASE YEARS SHALL BE AS FOLLOWS:

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|----------------------------------|---------------------------------------|
| SECOND LEASE YEAR | 10% OF THE APPRAISED LAND VALUE (ALV) |
| THIRD LEASE YEAR | 10% OF THE ALV |
| FOURTH LEASE YEAR | 10% OF THE ALV |
| FIFTH LEASE YEAR | 10% OF THE ALV |
| SIXTH AND SUBSEQUENT LEASE YEARS | 10% OF THE ALV + CPI |

THE RENT FOR THE SIXTH THROUGH TENTH LEASE YEARS SHALL EQUAL THE RENT OF THE
FIFTH YEAR AS ADJUSTED EACH LEASE YEAR BY THE CONSUMER PRICE INDEX, BUT SHALL
NEVER BE LESS THAN THE AMOUNT DUE FOR THE PREVIOUS LEASE YEAR'S RENT.

PAYEE 1 OF 1

ARIZONA STATE LAND DEPARTMENT
1616 W. ADAMS, 4TH FLOOR

DEPOSITORY - PAY TO

ARIZONA STATE LAND DEPARTMENT
1616 W. ADAMS, 4TH FLOOR

PHOENIX ARIZONA 85007
VENDOR # 10020 07083A
TAX ID #
PERCENT INTEREST 100
BANK ACCOUNT #

PHOENIX ARIZONA 85007
10020

ACCT CHARGED 0706.6900000.000999-0

SUMMARY OF SPECIAL OBLIGATIONS

| # | FREQ | BEG DATE | END DATE | OBLIGATION TYPE |
|---|------|------------|----------|------------------------|
| 1 | 012 | 04/01/1986 | | TERM. NOTICE - 30 DAYS |

COMMERCIAL LEASE NO. 03-30007 BETWEEN THE STATE OF ARIZONA, LESSOR, AND CYPURUS CHRISTMAS MINE CORPORATION, LESSEE, MAY BE TERMINATED BY CYPURUS UPON THIRTY (30) DAYS' WRITTEN NOTICE.

| | | | | |
|---|-----|------------|--|--------------------|
| 2 | 012 | 07/01/1991 | | OTHER - OPERATIONS |
|---|-----|------------|--|--------------------|

CERTIFICATE OF INSURANCE MUST BE SUBMITTED ANNUALLY TO THE ARIZONA STATE LAND DEPARTMENT AS LONG AS THE LEASE IS IN EFFECT. ONE CERTIFICATE HAS BEEN SUBMITTED FOR CYPURUS BAGDAD AND CYPURUS MIAMI.

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SUMMARY OF SPECIAL OBLIGATIONS

| # | FREQ | BEG DATE | END DATE | OBLIGATION TYPE |
|--|------|------------|----------|--------------------|
| 3 | 012 | 03/01/1995 | | OTHER - OPERATIONS |
| CYPRUS WILL PAY A MINIMUM CHARGE FOR GROUNDWATER USED EACH YEAR, THIS CHARGE WILL BE REAPPRAISED ANNUALLY BY THE STATE LAND DEPARTMENT. | | | | |
| 4 | 012 | 03/01/1995 | | OTHER - OPERATIONS |
| CYPRUS MUST MEASURE WATER WITHDRAWALS IF GROUNDWATER IS PUMPED FROM A NON-EXEMPT WELL. IF THE WELL HAS BEEN GRANTED A TYPE 2 GRANDFATHERED RIGHT, OR A GROUNDWATER WITHDRAWAL PERMIT FOR 10 ACRE FEET OR LESS, NO WITHDRAWAL MEASUREMENT IS REQUIRED. | | | | |
| 5 | 012 | 01/01/1996 | | RENEW OPTION |
| COMMERCIAL LEASE NO. 03-30007 BETWEEN THE STATE OF ARIZONA, LESSOR, AND CYPRUS CHRISTMAS MINE CORPORATION, LESSEE, EXPIRES MARCH 31, 2006. THIS LEASE IS USED FOR A WATER PRODUCTION, STORAGE AND DISTRIBUTION FACILITY. IF A NEW LEASE IS NEEDED, SUBMIT APPLICATION TO THE STATE OF ARIZONA BEFORE MARCH 31, 2006. | | | | |

PROVISION AND ROYALTY (TEXT)

****PURPOSE:** CYPRUS OBTAINED THIS LEASE FOR MAINTENANCE OF WATER PRODUCTION, STORAGE AND DISTRIBUTION FACILITY.

****TERM:** APRIL 1, 1986 THROUGH MARCH 31, 1996.

****TERMINATION:** CYPRUS MAY TERMINATE UPON THIRTY (30) DAYS' WRITTEN NOTICE.

****RENTAL:** \$2,543 FOR THE FIRST YEAR; THE RENTAL FOR SUBSEQUENT YEARS WILL BE ADJUSTED EACH YEAR BY THE CONSUMER PRICE INDEX BUT WILL NOT BE LESS THAN THE PREVIOUS YEAR'S RENTAL. THE LAND WILL BE REAPPRAISED BY THE STATE AT THE END OF THE FIFTH YEAR. DELINQUENT AMOUNTS ARE ASSESSED A 5% PENALTY PLUS INTEREST AT A RATE SET BY THE STATE TREASURER.

****ASSIGNMENT/SUBLEASE:** CYPRUS CANNOT SUBLET OR ASSIGN WITHOUT THE PRIOR WRITTEN CONSENT OF THE STATE LAND COMMISSIONER.

****IMPROVEMENTS:** CYPRUS MAY USE THE EXISTING IMPROVEMENTS IN CONJUNCTION WITH ITS STATE MINERAL LEASES IN SECTION 16, M-588 AND M-643.

****WATER:** NO WATER MAY BE EXTRACTED FROM ANY WELL UNLESS PURCHASED AT PUBLIC AUCTION. IF CYPRUS IS NOT THE SUCCESSFUL BIDDER, THIS LEASE TERMINATES AS OF THE DATE OF SALE. CYPRUS WILL PAY A MINIMUM CHARGE FOR GROUNDWATER USED EACH YEAR, WHICH CHARGE WILL BE REAPPRAISED ANNUALLY. MONTHLY DEPARTMENT OF WATER REPORTS OF WATER MUST BE SUBMITTED TO THE STATE LAND DEPARTMENT. THE DEPARTMENT OF WATER RESOURCES REQUIRED AN ANNUAL REPORT OF GROUNDWATER PUMPED FROM NON-EXEMPT WELLS WITHIN ACTIVE MANAGEMENT AREAS AND STATE LAND DEPARTMENT IRRIGATION NON-EXPANSION AREAS. THIS REPORT SHOULD BE SUBMITTED TO THE

LEASE RENEWAL FOR 4/1/1996-3/31/2006

LESSEE MUST SUBMIT AN ARCHAEOLOGICAL INSPECTION REPORT TO THE LESSOR BEFORE THERE IS ANY SUBSTANTIAL DIGGING OR EARTH MOVEMENT ON THE PREMISES.

RENTAL CHANGE -- REFER TO OBLIGATIONS

LESSEE SHALL MAKE AND KEEP FOR THE TERM OF THE LEASE AND EITHER (I) FIVE YEARS THEREAFTER OR (II) UNTIL THE CONCLUSION OF ANY DISPUTE CONCERNING THIS LEASE, WHICHEVER IS LATER, APPROPRIATE BOOKS AND RECORDS CONCERNING



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THE OPERATION OF THIS LEASE INCLUDING BUT NOT LIMITED TO FEDERAL AND STATE TAX STATEMENTS, RECEIPTS AND OTHER RECORDS.

UTILITY LINE SHALL BE PLACED UNDERGROUND UNLESS LESSOR GRANTS PRIOR WRITTEN APPROVAL OTHERWISE.

LESSEE IS RESPONSIBLE FOR PROPERTY TAXES.

THERE SHALL NOT BE ANY HOLDING OVER BY LESSEE OR ANY ASSIGNEE OR SUBLESSEE UPON THE EXPIRATION OR CANCELLATION OF THIS LEASE FOR ANY REASON. IF HOLDING OVER OCCURS, RENT WILL BE PROPORTIONATE TO TWICE THE LAST ANNUAL INSTALLMENT OF RENT.

NOTICES: LESSOR - ARIZONA STATE LAND DEPARTMENT, 1616 WEST ADAMS STREET FIRST FLOOR, PHOENIX, ARIZONA, 85007

NO WATER MAY BE EXTRACTED FROM ANY WELL ON THE LEASED PREMISES UNLESS PURCHASED AT PUBLIC AUCTION PURSUANT TO LAW AND THE REGULATIONS OF THE STATE LAND DEPARTMENT.

THE ISSUANCE OF THIS LEASE DOES NOT IMPLY THAT LESSEE IS THE OWNER OF THE FOLLOWING IMPROVEMENTS, HOWEVER, LESSEE IS AUTHORIZED TO USE THE IMPROVEMENTS IN CONJUNCTION WITH EXISTING STATE MINERAL LEASES IN THIS SECTION, I.E. M-588 AND M-643

- TEN-INCH BURIED PIPELINE, APPROXIMATELY 2,450
- 500 FT WATER WELL, PUMP, SUBMERSIBLE MOTOR, POWER LINE, 500' 6" PIPELINE
- 500 FT WATER WELL (STANDBY)
- ACCESS ROADS TO PUMP STATION
- 800 FT WATER WELL, PUMP, SUBMERSIBLE MOTOR, POWER LINE, 500' 6" PIPELINE
- 121,000 GALLON SUMP TANK, VALVES, FITTINGS AND FOUNDATION
- BOOSTER PUMP STATION INCLUDING BUILDING, MECHANICAL AND ELECTRICAL EQUIP.

ADVANCED ROYALTY TERM

NOT APPLICABLE

OVERRIDING ROYALTY

NOT APPLICABLE

OVERRIDING ROYALTY = 0.00

PRODUCTION ROYALTY

NOT APPLICABLE

OWNERS ROYALTY% = 0.00

OWNERS ROYALTY RATE = 0.00

RECOUPMENT

NOT APPLICABLE

RECORDING INFORMATION AND HISTORY

04/01/1986 - COMMERCIAL LEASE NO. 03-30007 BETWEEN THE STATE OF ARIZONA, LESSOR, AND INSPIRATION CONSOLIDATED COPPER COMPANY, LESSEE.

07/01/1988 - APPLICATION FOR ASSIGNMENT OF LEASE OR PERMIT AND FOR ASSUMPTION OF

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INTEREST FROM INSPIRATION CONSOLIDATED COPPER COMPANY, ASSIGNOR, TO
CYPRUS MIAMI MINING CORP., ASSIGNEE.

01/05/1989 - CONSENT TO ASSIGNMENT OF LEASE NO. 03-30007 BY THE STATE OF
ARIZONA.

06/18/1990 - APPLICATION FOR ASSIGNMENT OF LEASE OR PERMIT AND FOR ASSUMPTION OF
INTEREST FROM CYPRUS MIAMI MINING CORPORATION, ASSIGNOR, TO CYPRUS
CHRISTMAS MINE CORPORATION, ASSIGNEE.

11/05/1990 - ASSIGNMENT OF COMMERCIAL LEASE APPROVED BY THE STATE LAND
DEPARTMENT, STATE OF ARIZONA.

02/13/1996 - SUBMITTED APPLICATION FOR RENEWAL OF COMMERCIAL LEASE 03-30007

04/01/1996 - COMMERCIAL LEASE NO 03-30007 BETWEEN THE STATE OF ARIZONA, LESSOR
AND CYPRUS CHRISTMAS MINE RENEWED FOR 4/1/1996-3/31/2006
